

## Message Text

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17-12

ACTION EB-11

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 RSC-01 TRSE-00

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R 281505Z SEP 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 1044

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EXCON FOR COMMERCE

E.O. 11652: N/A

TAGS: ESTC, IT

SUBJ: AMPEX: DISTRIBUTION LICENSE APPLICATION

1. MR. R. CRIPPA, ALES MANAGER OF AMPEX ITALIANA S.P.A., HAS APPROACHED EDO REGARDING DEPARTMENT OF COMMERCE "DENIAL" OF DISTRIBUTION LICENSE APPLICATION SUBMITTED BY AMPEX INTERNATIONAL FOR THE EXPORT OF CORE MEMORY DEVICES AND OTHERS PRODUCTS TO SELENIA S.P.A.

2. ACCORDING TO RELEVANT FC 204B FORM (WHICH CRIPPA SHOWED EDO) DISTRIBUTION LICENSE APPLICATION WAS RETURNED WITHOUT ACTION BECAUSE FC 1143 FORM INCLUDED REEXPORTATION BY SELENIA OF SPARE PARTS IN "FORM RECEIVED."

3. FC 204B ADVISES THAT FC 1143 FORM BE AMENDED TO DISREGARD ITEM 5D (REEXPORT OF SPARE PARTS IN FORM RECEIVED) AND SUBSISTITUTE ITEM 5C (REEXPORT ONLY TO APPROVED FC 1143 CONSIGNEES). ASSUME, THAT AMPEX CAN ALSO AMEND APPLICATION TO INCLUDE ONLY RPT ONLY ITEM 5B (COMMODITIES TO BE INCORPORATED INTO FINISHED PRODUCTS BY CONSIGNEE), AND THEN SEEK NORMAL EXPORT LICENSE FOR RELATED SPARE PARTS ON A CASE BY CASE BASIS TO CUSTOMERS OF THE ORIGINAL FINISHED PRODUCTS. THIS ALTERNATIVE HOWEVER MOST TIME CONSUMING IN VIEW OF CHRONIC GOI DELAYS IN ISSUING SUPPORTING IMPORT CERTIFICATES. WOULD NOT BE SATISFACTORY TO SELENIA WHICH NORMALLY PLEDGES UNCLASSIFIED

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ITSELF TO QUICK SERVICING OF ITS FINISHED PRODUCTS DURING

GUARANTEE PERIOD.

4. SELENIA CANNOT GIVE ASSURANCES THAT IT WILL REEXPORT SPARE PARTS ONLY TO APPROVED FC 1143 CONSIGNEES (AS SUGGESTED IN ITEM 6 OF FC 204B) AS IT DOES NOT WISH TO LIMIT ITS POTENTIAL REEXPORT MARKET. SELENIA MAY BE WILLING, HOWEVER, TO GIVE WRITTEN ASSURANCES THAT IT WILL REEXPORT SPARE PARTS ONLY DURING GUARANTEE PERIOD TO CONSIGNEES WHO HAD PREVIOUSLY PURCHASED FINISHED PRODUCT FROM THEM. SELENIA WOULD ALSO COMMIT ITSELF TO EXERCISE DUE CARE THAT SPARE PARTS ARE LEGITIMATELY FOR USE IN THEIR ORIGINAL FINISHED PRODUCT, AND TO KEEP PROPER RECORDS FOR EXAMINATION BY THE EDO. COULD DISTRIBUTION LICENSE TO INCLUDE REEXPORTATION OF SPARE PARTS IN FORM RECEIVED BY GRANTED ON THIS BASIS?

5. AMPEX S.P.A. OFFICIALS HAVE EXPRESSED CONCERN THAT DENIAL OF DISTRIBUTION LICENSE APPLICATION WITH SPARE PARTS PROVISION WILL JEOPARDIZE SALE OF \$150,000 WORTH OF U.S. ELECTRONIC EQUIPMENT DURING COMING YEAR. HAVE ALSO TOLD EDO THAT SELENIA NOW BEGINNING TO CALL INTO QUESTION ITS WHOLE LONG TIME BUSINESS COLLABORATION WITH AMPEX WHICH LATTER FIRM EXPECTS WILL GENERATE \$2,000,000 WORTH OF AMERICAN SALES IN ITALY NEXT YEAR. ALTERNATIVE NON-US SOURCES ARE SAID TO BE AVAILABLE.

6. SINCE AMOUNT OF POTENTIAL U.S. EXPORTS IS HIGH AND SINCE SELENIA IS A WELL KNOWN FIRM OF ESTABLISHED RELIABILITY, EMBASSY URGES FAVORABLE DEPARTMENT OF COMMERCE CONSIDERATION OF PARA 4 (ABOVE) SUGGESTED ALTERNATIVE.VOLPE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Reference:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AMPEX: DISTRIBUTION LICENSE APPLICATION  
**TAGS:** ESTC, IT, US  
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